

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Optical Communication Products, Inc.

California Manufacturing Technology Consulting

Optical Communications Products, Inc. Increased Sales In First Year

Client Profile:

Optical Communications Products (OCP) is a publicly held company with corporate headquarters in Woodland Hills, California. Founded in 1991, OCP has four regional engineering design centers; three in the U.S. and one in the U.K. In addition, there is a business office located in the U.K. to support European customers. The company maintains a world-wide direct sales force. OCP is engaged in the manufacturing and worldwide marketing of optoelectronic interface components, subassemblies, modules and subsystems for telecommunication and data communication applications. OCP employs a diverse workforce of 290 people.

Situation:

OCP's Quality Management System certification to ISO 9000 was to expire in December 2003, and the company needed to transition to the new version of the international standard (ISO 9001:2000). OCP wanted to increase sales and improve competitiveness, as well as satisfy existing customer requirements. Transitioning to the new standard would position OCP to achieve these goals. OCP contacted California Manufacturing Technology Consulting (CMTC), a NIST MEP network affiliate, for assistance.

Solution:

CMTC met with the management team at OCP to propose a project that would assist the company in implementing and maintaining a conforming quality management system based on the ISO 9001:2000 international standard. Achieving registration to such a standard would not only meet the requirements of their largest customers, but would also help them organize better internally leading to an increase in productivity. In July 2003, CMTC kicked off the ISO 9001 project. During the subsequent six months, the following project tasks were completed: a Project Plan, ISO 9001 Overview Training, Quality Manual Development, Overall Process Map Development, establishment of a Management Review Process, Procedure Development, Implementation and Training Assistance and an On-site Internal Auditor Workshop.

The project lasted six months and in March 2004, OCP achieved ISO 9001:2000 registration. The company quickly began to see productivity and sales revenue benefits that resulted from their commitment and effort towards maintaining their quality management system. Productivity improvements were seen in the ability to manage their processes to one set of standards. Problems were identified and fixed in less time since the company was now governed by one set of metrics. OCP was able to increase revenue by acquiring new customers while retaining a portion of their customer base that required the new standard. Since working with CMTC to achieve registration, OCP saw an increase in gross margin due to the institution of performance metrics that drove the continual improvement process which affected all departments within the company. This is attributed to the fact that OCP was able to decrease their internal costs after making improvements in areas identified during the implementation. OCP directly attributes the retention of 75 employees to its ability to retain

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existing customers while acquiring new ones. Further, OCP signed on for an additional project to allow CMTC to conduct their first set of internal audits and provide further assistance with the Management Review process.

Results:

- * Achieved ISO 9001:2000 registration.
- * Retained 75 employees.
- * Acquired new customers.
- * Increased sales by \$18 million the first year.

Testimonial:

"After working with CMTC, we were able to increase sales by \$18 million in the first year."

Steve Galer, QA Manager